

# ASH GROVE CEMENT COMPANY



Western Region  
P. O. Box 51  
Nephi, Utah 84648  
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DOGM  
MINERALS PROGRAM  
FILE COPY

AUG 05 1992

August 3, 1992

Rex Rowley, Area Manager  
House Range Resource Area  
U.S. Bureau of Land Management  
P.O. Box 778  
Fillmore, Utah 84631

RECEIVED

AUG 27 1992

DIVISION OF  
OIL GAS & MINING

Re: County Canyon Shale Project

Dear Rex:

Following your letter of July 1, and our meeting on July 21 in Fillmore, management is seriously considering a Material Sales Contract under 43 CFR 3600, which will cover the approximately 40 acres now held under our unpatented lode mining claims (Al Nos. 1 & 2, UMC 279003 and 279004). We don't relish a fight with your office over the "locatability" issue of this valuable deposit.

Before we proceed further, we will need to review a draft of the contract itself, which should confirm the price and other provisions which we have informally discussed. Specifically, we need to confirm that the contract will a) provide for access to the site across public lands from existing public roads, b) specify a .15¢ per ton purchase price, c) will defer pit reclamation until operations are fully concluded (contemplating a continuation of operations beyond 10 years, either by a contract extension or a new contract), and d) give assurance that the contract will not contain onerous "special stipulations" that could make operations at the site uneconomic. When you prepare the draft contract, assume that it will be a competitive 10-year contract with no other bidders. We have been planning on mining about 25,000 cubic yards of material each year, over a total pit life of about 35 years.

Also, we understand that if BLM issues us a Material Sales Contract this will avoid the necessity of obtaining approval of a separate Mine Plan of Operations (which is required by BLM for unpatented mining claims), and the BLM's approved reclamation plans as set forth in the contract will supersede State of Utah Division of Oil, Gas & Mining requirements for such operations. Please confirm.

In the meantime, we plan to continue to run a materials test at the County Canyon pit, removing an additional 3,500 tons of material to complete the test in progress. We will need to dig deeper into the mountain to obtain some unweathered material to confirm that there are no deleterious substances which will affect our process. Our present test pit covers approximately 3 acres, and we do not anticipate expanding the size of the pit by much. In any event, we will not exceed the 5 acre limit on small mine operations.

We have received the packet of information regarding Mineral Material Sales, but we will still need to review a draft of the actual contract. We look forward to hearing from you very soon.

Sincerely,

A handwritten signature in cursive script that reads "Duane Crutchfield". The signature is written in black ink and is positioned above the printed name and title.

Duane Crutchfield  
Plant Manager